CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA
REGULAR MEETING

FEBRUARY 1, 2005

INVOCATION:
Tom Williams of Oak Knolls Baptist Church gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Patino led the pledge of allegiance.

CALL TO ORDER:
Mayor Lavagnino called the Regular Meeting of the City Council to order at 6:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Mariscal, Patino, Trujillo, and Mayor Lavagnino.

MEMBERS ABSENT
Councilmember Orach.

STAFF MEMBERS PRESENT:
City Manager Ness, Assistant City Manager Haydon, City Attorney Trujillo, Director of Public Works Karp, Police Chief Macagni, Planner III Shipsey, Fire Chief Ortiz, Director of Recreation and Parks Posada, Director of Administrative Services Snodgrass, Director of Utilities Chisam, Senior Deputy City Attorney Stockton, Solid Waste/Utilities Engineer Zhao, Special Projects Manager Sterling, and Chief Deputy City Clerk Perez.

COMMENDATIONS
Mayor Lavagnino read a letter into the record from Bob Roper, Fire Chief, Ventura County Fire Protection District, commending and thanking Chief Ortiz and the Santa Maria Fire Department for providing assistance and support to Ventura County during the La Conchita mud slide.

Mayor Lavagnino also read a letter into the record from Christer Jönsson, Product Manager of IST, a Scandinavian software company from Växjö, Sweden, commending and thanking Mayor Lavagnino, City Manager Ness, and Chamber of Commerce President/CEO Hatch for making their stay in Santa Maria comfortable and enjoyable and providing them with access to all the information they needed to investigate the possibilities of expanding the market of their new software product into the United States.

PUBLIC COMMENT
James Watson spoke on Consent Agenda Item 1A, Waiving Full Reading of Ordinances, and suggested all ordinances be read in full for the benefit of the public.

Jerry Bunin, Home Builders Association, distributed a letter to the Council regarding increases in development fees which effect home builders. The letter requested additional public review time prior to adoption of the fees and cited Santa Maria as a fine example of how to do this.

Cheryl Waller, United Way, talked about United Way's involvement over the past three years in providing food for needy families. In October, November, and December there were 27,491 people in the Santa Maria Valley that received free hot lunches or emergency food items. United Way is going to try to bring all the organizations that serve food together so they can make sure all the citizens of the community who need food are being served.

CONSENT CALENDAR
City Manager Ness requested Item 3C, a resolution authorizing the City Manager to accept private funds from Verizon Foundation for the Safe Haven, be withdrawn from the agenda. The CARES staff has requested it be pulled for further review. It will be placed

on a future agenda.

Councilmember Trujillo and Councilmember Patino requested Item 3J be pulled for comment.

Item 3J – An agreement with the Santa Maria-Bonita School District for shared funding of the School Crossing Guard Program.

Councilmember Trujillo commented that this was a very good program cooperating with the school district. It is the right direction for the City to take.

Councilmember Patino commented that the City of Santa Maria thinks the youth of the community are important and is happy to share in the costs of the Crossing Guard Program to protect those children.

Consent Calendar Items A through J were accepted and approved with the indicated action on motion by Councilmember Mariscal, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Mariscal, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: Councilmember Orach
ABSTAIN: None

A. ORDINANCES
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar will be adopted by the same vote cast at the first reading unless City Council indicates otherwise.

B. MINUTES.
The Minutes of the Regular City Council Meeting of January 18, 2005, were approved as submitted.

C. ACCEPTANCE OF FUNDING FOR SAFE HAVEN
A resolution authorizing the City Manager to accept private funds from Verizon Foundation for the Safe Haven was withdrawn from the agenda.

D. WAGE AND BENEFIT PACKAGE
Resolution No. 2005-15 was adopted approving a wage and benefit package for Public Safety Managers.

Resolution No. 2005-15 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A WAGE AND BENEFIT PACKAGE FOR THE PUBLIC SAFETY MANAGERS.

E. WARRANTS
Warrant Nos. 117779 to 118072 in the amount of $2,044,078.15 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant No. 117601 was cancelled.

F. PAYROLL
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads as shown on records on file in the Administrative Services Department and having been approved for payment by the Director of Administrative Services.

G. ORDINANCE NO. 2005-01
Second reading was conducted by title only of Ordinance No. 2005-01 and the ordinance was adopted approving technical amendments to the Santa Maria Municipal Code.

Ordinance No. 2005-01 adopted. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA AMENDING VARIOUS SECTIONS OF THE SANTA MARIA MUNICIPAL CODE RELATING TO CITATION FOR VIOLATION, ADMINISTRATIVE PENALTIES, PERSONNEL, BUSINESS LICENSES, INOPERATIVE VEHICLES,

TRAFFIC WEIGHT LIMITS, UTILITIES AND PARK RANGERS.

H. CMA/BOA AGREEMENT
Resolution No. 2005-16 was adopted approving an agreement with CMA/BOA to update the City of Santa Maria's Self-Evaluation and Transition Plan in compliance with the Americans with Disabilities Act.

Resolution No. 2005-16 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA APPROVING A CONSULTANT AGREEMENT WITH CONCEPT MARINE ASSOCIATIONS, INC. AND BOA ARCHITECTURE (CMA/BOA) FOR SERVICES TO UPDATE THE CITY'S SELF-EVALUATION AND TRANSITION PLAN UNDER THE AMERICANS WITH ITIES ACT.

I. MAIN STREET SIGNAL PREEMPTION
Resolution No. 2005-17 was adopted approving an agreement with Republic Electric, Inc. for the Main Street Signal Preemption project, Bid No. 2005/04 in the amount of $168,840.

Resolution No. 2005-17 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A CONTRACT WITH REPUBLIC ELECTRIC FOR MAIN STREET SIGNAL PREEMPTION, BID NO. 2005/04.

J. SCHOOL CROSSING GUARD FUNDING
Resolution No. 2005-18 was adopted approving a renewal agreement with the Santa Maria-Bonita School District for the School Crossing Guard Program through March 1, 2008.

Resolution No. 2005-18 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING AN AGREEMENT WITH SANTA MARIA-BONITA SCHOOL DISTRICT FOR SHARED FUNDING OF THE SCHOOL CROSSING GUARD PROGRAM.

ELECTRICAL MUNICIPAL UTILITY
Director of Utilities Chisam gave the staff report. On May 20, 2003, the City Council adopted a resolution authorizing the City Manager to explore the establishment of a municipally-owned electrical utility. City staff has worked with professional consultants, McDonald Partners, Enco Utilities and WestPower as well as PG&E to identify future costs and benefits for the establishment of a municipal utility. The City is authorized pursuant to Article XI, Section 9(a) of the California Constitution and the laws of the State of California to establish, purchase and operate public works to furnish its inhabitants with an electric utility system. The City has analyzed the current status of deregulation of electric utilities and has identified the potential benefits that could be derived from a municipally-owned utility. These benefits include long-term ongoing annual revenue to support public safety and other general fund services that benefit the entire community; improved services to the development community at comparable costs; and potential opportunities to encourage economic development through special incentives for large employers. An in-depth feasibility study limited to providing electrical distribution services for new development projects within the City was performed by McDonald Partners. The City also consulted with PG&E, as well as other professional consultants to determine the veracity of conclusions presented by McDonald Partners. The results of the feasibility study indicate that given the projected growth of the City, a municipal electric utility is feasible and beneficial to the community over the long term. Staff has also studied the means of providing electrical services and has consulted with Moreno Valley, who has recently established a municipal utility similar to that proposed by Santa Maria. They have chosen to use independent contractors through a competitive bidding process to operate their municipal utility. Staff would propose that the City initially use experienced private electric utility operators to operate the new City municipal utility. A municipal utility for the City is viable and would provide revenue enhancements for the City over time. The City can provide an electrical utility and provide equivalent or superior service.

Director of Public Works Karp displayed and explained a table showing that costs to developers with a City-owned electrical utility would be comparable to PG&E's costs even with PG&E's rebate programs.

Mayor Lavagnino opened the Public Hearing.

Tom Jones, PG&E, asked for a 30-day continuance to clarify a couple of issues including comments made by Director Chisam and Director Karp regarding competition, yet public comments from City staff have said the new service territory will be exclusive to the City municipal utility. That needs to be explored further with staff. In addition, some key components of the report from WestPower referenced a number of attachments that were not included. Those documents have been requested from staff.

Mayor Lavagnino asked if any of the individuals who had requested the opportunity to speak could not come back in 30 days. No one responded.

Councilmember Mariscal stated from the standpoint that PG&E is the provider of electrical service of the community at this point in time, their input is extremely crucial before he could make a decision with respect to moving forward with a municipal electrical utility. He said he was very impressed, not only with the City's consultant's report, but also the manner in which the third party consultant who looked at both the City's consultant's report and PG&E's response, seemed to find it is, in fact, a feasible alternative. It is prudent to give PG&E the opportunity to review all of the information and provide their input so the Council can make a crucial decision. He said he was really impressed with the opportunity afforded to the community going out into the future. It is a phenomenal opportunity for the community.

Councilmember Patino agreed with Councilmember Mariscal. The proposal looks good right now, but she would like to reserve any further comments until PG&E is prepared. She announced that she had met with two representatives from PG&E last week.

Councilmember Trujillo indicated he would like to see a more comprehensive comparison from some of the other cities, like Lompoc or the cities more recently establishing electric utilities. He would like to have an executive summary on some of the issues that the City would be discussing.

Mayor Lavagnino commented he also agreed with Councilmember Mariscal. This is a great opportunity for the City to look at this. It looks very good at this point, but the Council will have to look at it very closely. The Council has just scratched the surface so far.

On motion by Councilmember Patino, seconded by Councilmember Trujillo, and carried unanimously, the public hearing was continued to the regular meeting of March 1, 2005.

SECOND QUARTER FINANCIAL REPORT

Director of Administrative Services Snodgrass gave the staff report. With 50 percent of the year complete, revenues are at 54.4 percent of projections while expenditures are at 49.2 percent of projections. Total revenues and transfers are higher than budgeted and compared with the prior year. Total income is $3 million or 15 percent higher than last year, while departmental expenditures are $1.7 million or 10 percent higher than the prior year. Transfers-In are significantly higher in 2004-05 as a result of the $3.4 million funding from the Capital Projects-General Fund for the early retirement of 1993 bonds. The top five revenue sources account for about 66.8 percent of total General Fund revenues. The two largest budgeted revenues, sales tax and vehicle license fees (VLF), account for 48.9 percent and are directly tied to the economy. Sales tax receipts are approximately $945,000 less than the prior year as a result of the implementation of the State's Triple Flip, which replaces sales tax revenues with property tax revenues. However, the City has not yet received the replacement property tax backfill by December 31, 2004. Vehicle License Fee receipts are approximately $415,100 less than the prior year and are 6.9 percent of budget. This reduction is the result of the passage of Proposition 1A and the substitution of $890,000 of property taxes for VLF revenues. Operating costs were 3.2 percent less than budgeted for the second quarter. The Water/Wastewater Fund continues to have long-term commitments. It currently is in agreement with all of its rate restrictions and rate covenants. Additionally, staff is recommending approval of a budget amendment report.

Councilmember Trujillo asked when North County would overcome South County in sales tax revenue.

Director Snodgrass stated at the last projection, it was very close and North County was gaining on South County. Probably within the next year, North County will surpass South County.

Councilmember Mariscal stated this City is very efficiently run. The work City employees do is phenomenal. He encouraged residents to buy in Santa Maria because sales tax revenue helps neighborhoods, schools, and the City.

Councilmember Patino stated she would like to see something in the reports from staff when they discuss the PG&E issue, regarding other revenue enhancements the City has been creative in getting.

Mayor Lavagnino stated he would put the department heads in Santa Maria, against any other department heads in California. This City is trying to find innovative ways to generate revenue to use for other services. If the City moves forward with electrical power, those revenues will fund things like police and fire services.

Resolution No. 2005-20 was adopted approving amendments to the budget for 2004-05 fiscal year on motion by Councilmember Patino, seconded by Councilmember Mariscal, and carried on the following vote:

AYES: Councilmembers Mariscal, Patino, Trujillo, and Mayor Lavagnino
NOES: None
ABSENT: Councilmember Orach
ABSTAIN: None

Resolution No. 2005-20 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA APPROVING AMENDMENTS TO THE BUDGET FOR FISCAL YEAR 2004-05 AND AUTHORIZING THE CITY MANAGER TO IMPLEMENT SAME.

Councilmember Mariscal stated he does buy in Santa Maria. His cars and his wife's car were all bought in Santa Maria. The City worked very hard to keep an employer in town. The Harley Davidson dealership was seriously considering moving to Nipomo. A concerted effort of the business community, the EDA, City staff, and the Mayor convinced them to stay in Santa Maria. They now have a state-of-the-art dealership. He is in the process of purchasing a Harley Davidson motorcycle, and the people who own and operate it are top-notch people. They make you feel good about spending money in their store.

REPORT BY CITY MANAGER

City Manager Ness reported on items for the February 15, 2005, City Council meeting including a public hearing to consider a tentative tract map for La Vigna at Westgate Ranch, the bid award for the Library Parking Structure, and the Chamber of Commerce End-of-Year Report for 2004.

City Manager Ness asked Police Chief Macagni to give a brief report on police services so far for the Michael Jackson trial.

Chief Macagni stated the Police Department has spent hundreds of hours in planning for this trial. The Police Department and Recreation and Parks Department jointly purchased the "K" rail that is on the street. This trial will be a long, sustained trial of approximately six months. The City is expending a lot of resources. Just the overtime costs in the last two days is close to $11,000 for Police personnel only. The Department's greatest concern is the health and safety of the officers. The Police Officers are professionals, they are taking care of business. They are making sure everything is safe, and that all the visitors who come to Santa Maria abide by all the rules, regulations and laws. The media have been very good so far. The Department did a shifting of resources to cut overtime costs. The D.A.R.E. officer was pulled from the schools; however, that officer has been put back in the schools for the benefit of about 450 students. This will not effect the Department's response time to regular beat calls. He asked for the public's patience.

Mayor Lavagnino commended Chief Macagni and his staff for the excellent job they are doing.

ORAL REPORTS OF COUNCILMEMBERS

Councilmember Mariscal commended the Fire Department for their quick response to a house fire on Spyglass, one block from his house.

Councilmember Trujillo reported on the People's Self-Help Housing project event on Sunday in Guadalupe. It is a very nice project.

Councilmember Patino stated she had also attended, and it is a very impressive project. She also announced that she had attended a County Economic Vitality Committee meeting. She recommended a combined meeting with the City Council and the Planning Commission be scheduled. She also requested an inventory of what new projects the City has and where the City is going.

City Manager Ness explained that a joint meeting between the City Council and the Planning Commission had already been initiated and discussed with the Planning Commission, and staff would be following up on setting a date.

Councilmember Mariscal reported on the reopening of the CARES facility at Safe Haven. This facility serves a very specific area of the community, but the people who are served really benefit from the services that are provided.

Councilmember Mariscal also reported on the Multi-Cultural Faire at the mall last Sunday. It continues all this week. There are two areas you can view, one is World-wide and the other is Latin America where each of the countries of Latin American are highlighted.

Mayor Lavagnino also reported on the two displays at the mall and encouraged everyone to view those displays.

CLOSED SESSION

The City Council adjourned to Closed Session at 7:22 p.m. for the following:

- Conference with Legal Counsel regarding existing litigation pursuant to Subsection (a) of Government Code Section 54956.9 to discuss Santa Maria Valley Water Conservation District v. City of Santa Maria;

- Conference with Legal Counsel regarding existing litigation pursuant to Subsection (a) of Government Code Section 54956.9 to discuss Knight v. Greyhound;

- Conference with Legal Counsel regarding initiation of litigation pursuant to Subsection (c) of Government Code Section 54956.9 (1 matter);

- Conference with Real Property Negotiator pursuant to Government Code Section 54956.8 to discuss the possible sale of surplus City property located on the corner of Canyon Drive and Seward Drive; and

- Conference with Labor Negotiator pursuant to Government Code Section 54957.6, Agency representative: Assistant City Manager, Employee organization: Santa Maria Firefighters Union, Local 2020.

After the Closed Session, the following was announced:

Santa Maria Valley Water Conservation District v. City of Santa Maria – Not discussed.

Knight v. Greyhound – Status report. Direction to staff and counsel.

Initiation of Litigation (1 matter) – Not discussed.

Conference with Real Property Negotiator – Status report. Direction to staff.

Conference with Labor Negotiator re: Santa Maria Firefighters Union, Local 2020 – Progress report. No reportable action.

ADJOURNMENT
There being no further business to come before the City Council at this time, the meeting was declared adjourned at 8:35 p.m. by order of Mayor Lavagnino.

APPROVED February 15, 2005
Date

Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

ATTEST
Chief Deputy City Clerk

Mayor of the City of Santa Maria